

CORRECTED FISCAL NOTE

SB 1686 - HB 1906

March 26, 2007

SUMMARY OF BILL: Expands the definition of “agricultural purposes” as it relates to the Petroleum Products and Alternative Fuels Tax Law. This expansion authorizes gasoline tax refunds to individuals for tax paid on fuel consumed during the operation of motor vehicles or other logging equipment used exclusively for cutting and harvesting of trees, when such vehicles or equipment are not operated upon public highways.

ESTIMATED FISCAL IMPACT:

On March 9, 2007, we issued a fiscal note for this bill indicating a net decrease to state revenues of \$56,000 per year and a decrease to local government revenues of \$34,000 per year. Based on additional information, the fiscal impact of this bill is estimated as follows:

(CORRECTED)

**Decrease State Revenues – \$65,000 / Highway Fund
\$2,000 / General Fund**

Decrease Local Govt. Revenues - \$23,000

Assumptions:

- Currently, any person using taxable gasoline for agricultural purposes is entitled to a refund of gasoline tax paid except for one cent (1¢) per gallon, when vehicles or equipment are not operated upon public highways.
- Gasoline tax exemptions remain unchanged when vehicles are used for off-road agricultural purposes.
- Tax refunds resulting from the passage of this bill pertain only to diesel fuel tax paid on fuel consumed by vehicles used for off-road agricultural purposes.
- According to the Department of Revenue (DOR), fuel tax refunds are offset against gross fuel tax revenues prior to the statutorily authorized apportionment of fuel tax revenues. Therefore, any

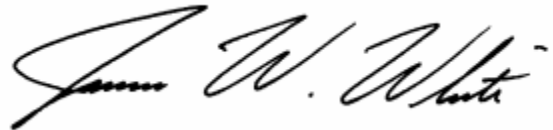
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fuel tax refunds will have the effect of decreasing state revenues, not increasing state expenditures.

- Majority of logging equipment operates on diesel fuel.
- The decrease to diesel fuel tax revenues is estimated to be \$90,000 per year.
- The \$90,000 in diesel fuel tax collections are approximately apportioned as follows: \$2,000 to the General Fund, \$65,000 to the Highway Fund, and \$23,000 to local governments.
- The net decrease to state revenues is estimated to be (\$90,000 - \$23,000 local share = \$67,000).

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director